



# Capital as Power

## Six Integrated Conference Panels

*Rethinking Marxism 2013: Surplus, Solidarity, Sufficiency*  
 University of Amherst, Massachusetts  
 September 19-22, 2013

Organized by Jonathan Nitzan, Shimshon Bichler and Tim Di Muzio  
 Sponsored by the *Review of Capital as Power (RECASP)*

*Timetable*

Friday, September 20	Saturday, September 21	Sunday, September 22
10:15-12:00 Session B9: Room 165-169 <i>I. Researching Capital as Power: Past and Future</i>		8:30-10:00 Session I8: Room 904-908 <i>VI. Roundtable: What's Next</i>
12:45-2:15 Session C9: Room 165-169 <i>II. Rethinking Capitalist Power</i>	12:45-2:30 Session G10: Room 904-908 <i>IV. Power: Material and Immaterial</i>	
2:30-4:00 Session D9: Room 904-908 <i>II. Banking and the State: Taxation and Capitalization</i>	2:45-4:30 Session H8: Room 903 <i>V. Systemic Crisis</i>	

***Capital as Power I***  
**Researching Capital as Power: Past and Future**

Theme of the panel:

This is the opening session of the panel series on capital as power. The purpose of the presentation, by Shimshon Bichler and Jonathan Nitzan, is to review the evolution of past research and suggest possible future trajectories.

Chair:

**Joseph Baines (York University)**  
[josephbaines714@gmail.com](mailto:josephbaines714@gmail.com)

Introductory Presentation:

**Shimshon Bichler (Israel) and Jonathan Nitzan (York University)**  
[tookie@barak.net.il](mailto:tookie@barak.net.il); [nitzan@yorku.ca](mailto:nitzan@yorku.ca)

ABSTRACT

The theory and study of capital as power emerged from work that began when we were university students in the 1980s; it was developed and expanded in our publications during the 1990s and 2000s; and it now starts to benefit from the theoretical insights and empirical investigations of a new generation of researchers. The first part of the paper reviews, contextualizes and assesses what has been done so far. The second part, contemplating the next phase, suggests seven related themes to be researched and theorized: (1) the concept of power in nature and society: its evolution from antiquity to the present; (2) the origins and spread of the capitalist mode of power: from feudal Europe to the world; (3) from 'state and capital' to the 'state of capital': evolving relations and gradual fusion; (4) the emergence and spread of finance as the key architecture of the capitalist *creorder*; (5) the role of labor, production and waste in the capitalist mode of power; (6) capitalist power and the environment: from planetary ecology, to energy, to the genome; and (7) from capitalist accounting to democratic accounting: creating a new language for an autonomous society.

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***Capital as Power II***  
**Rethinking Capitalist Power**

Theme of the panel:

The papers in this panel consider aspects in the evolution of capital as power. The first paper traces corporate power to the early emergence of hybrid structures that combine ownership and debt in

the same contract. The second article examines the 'logic of capital' in relation to the new hybrid of state-owned/publicly traded corporations. The third paper explores the question of whether the 'nationality' of capital still matters.

Chair:

**Shai Gorsky (University of Utah)**  
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Papers:

**1. Jongchul Kim (Universidad Carlos III de Madrid)**  
[jongchul323@gmail.com](mailto:jongchul323@gmail.com)

TITLE

'An Explanation of the Rise of Capitalist Corporate Power from a Legal Perspective'

ABSTRACT

This presentation explains the origin of capitalist corporate power from a legal perspective. The presentation argues that historically there have been two important changes in the development of business law, and that these changes have provided the legal basis out of which capitalist ownership is supported and shaped. The first change was Roman law's strict division between *rights in rem* and *rights in personam*. The second was Anglo-Saxon law's support for the hybridity between these two rights. This hybridity allows property owners to enjoy both the rights of debtors *and* the rights of owners while minimizing their duties and responsibility as owners. The presentation begins by critically examining the division of these rights in Roman law. Then it examines the nature of joint-stock company shares. The share is a loan to the companies and is thus a *right in personam*. But the hybridity of the share is legally supported and established when corporate law treats the share as property, i.e. treats *rights in personam* as *rights in rem*. The presentation ends by examining how this special legal treatment emerged and developed, focusing particularly on Western Europe in the early nineteenth century, and how this treatment has contributed to the development of capitalist corporate power.

**2. Sean Starrs (York University)**  
[sean.starrs@yahoo.ca](mailto:sean.starrs@yahoo.ca)

TITLE

'The State Strikes Back! On the Resurgence of State-Owned Enterprises in the Twenty-First Century'

ABSTRACT

With a rising tsunami of privatizations beginning in the 1980s around the world, many commentators rang the death knell for state-owned enterprises (SOEs). And yet, twenty years later, with the resurgence of 'resource nationalism' in Latin America and Russia and the rise of 'emerging markets' more broadly, SOEs have returned with a vengeance: in 2012, a quarter of the world's top 100 publicly traded corporations are now SOEs (in addition to SOEs that are not publicly traded). In China, around 80 of the top 100 corporations are SOEs. This SOE renaissance from the mid-2000s, especially in the non-Western world, has profound ramifications for capital as power — a theoretical framework that was developed before this renaissance occurred, and largely by theorizing the

experience of Western capitalism, especially in the United States (where private corporations were arguably the most advanced). Thus, the purpose of this paper is twofold: 1) to empirically demonstrate and discuss the resurgence of national expropriations and SOEs in the twenty-first century, especially in Argentina, Brazil, China, and Russia, being cognizant of national peculiarities; and 2) to argue that the teleological tenor of the 'logic of capital' is untenable, and that greater complexity must be theorized in capital as power.

### 3. Sean Starrs (York University)

[sean.starrs@yahoo.ca](mailto:sean.starrs@yahoo.ca)

#### TITLE

'Does the Nationality of Dominant Capital Still Matter?'

#### ABSTRACT

With the explosion of capitalist globalization in the last two decades of the twentieth century, many commentators proclaimed the irrelevance of the nationality of capital — if not already, then certainly in the near future. A popular portrayal was William Greider's *One World, Ready or Not* (1997), according to which giant and footloose global corporations paid no allegiance to any nationality while scouring the world for the highest profits. Other commentators, however, contested the rise of the 'global corporation' as a myth (Doremus et al. 1998) and affirmed the world's top corporations as largely national with international operations. More than a decade after the height of this debate, has dominant capital cast off the shackles of nationality, or is it still moored to a particular nation-state? This paper sets up a range of criteria with which to address this question from four viewpoints (those of workers, government elites, managers, and investors/capitalists), presents original empirical research conducted between 2011 and 2013, and argues that the nationality of the world's top corporations still very much matters from all four viewpoints. I shall then discuss a number of implications and argue that we must re-conceptualize dominant capital, agency, and nationalism within capital as power.

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***Capital as Power III***  
**Banking and the State: Taxation and Capitalization**

Theme of the panel:

The articles in this panel examine different theoretical and historical facets of the banking sector and the state and the role these facets play in *reordering* modern capitalism. The first paper deals with the regulatory impact of differential taxation on the rise of the US banking sector. The second paper develops a model of differential risk. Building on Farjoun and Machover's *Laws of Chaos*, it assesses the proposition that risk is the degree of confidence capitalists have in their future predictions of profits.

Chair:

**Sean Starrs (York University)**

[sean.starrs@yahoo.ca](mailto:sean.starrs@yahoo.ca)

Papers:

**1. Mladen Ostojic (York University)**

[mladen@yorku.ca](mailto:mladen@yorku.ca)

TITLE

'Differential Taxation: The Case of American Banking'

ABSTRACT

The American banking system has been subject to extensive analysis in recent years, charged with triggering the financial crisis of 2007-2008 and what would culminate in the Great Recession. Yet despite the abundance of very specific regulatory case studies, there has been a relative lack of attention paid to the role taxation may have played in this downturn. Closer examination of effective corporate tax rates in the United States has revealed historical disparities between banking and most other corporate sectors, with banks enjoying a lower tax burden than the corporate American average since the early twentieth century. However, this advantage has all but disappeared amidst rising banking and falling corporate effective tax rates since the 1980s, and yet its reversal coincided with banks' profits increasing more rapidly than those of other sectors until the onset of the recent crisis. Therefore, banks have managed to outperform the competition despite losing their historically preferential tax position, betraying a profound regulatory shift that lasted until the arrangement's ultimate failure with the financial crisis. This presentation will highlight the empirical evidence supporting these findings and consider some of the broader political economic implications surrounding the differential taxation of American banking.

**2. Shai Gorsky (University of Utah)**

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TITLE

'Towards a Political-Economy of Risk: a Probabilistic Approach'

ABSTRACT

Risk is one of the fundamental concepts of the capitalist world and much effort is placed into analyzing, controlling and managing it. However, despite this centrality, the concept of risk has not been thoroughly researched in radical political economy. In *Capital as Power* (2009), Nitzan and Bichler suggest that risk is the *degree of confidence* dominant capitalists have in their predictions about the level of future profits. The paper follows this clue to develop a new method of understanding and quantifying risk. First, in the spirit of Frajoun and Machover's *Laws of Chaos* (1983) the rate of change of the differential earnings of the top 50 vs. all listed corporations is defined as a random variable. When business is 'as usual' it is argued that this random variable is conceived of as normally distributed. Next, a simple statistical test is used to measure the probability that 'future' data is distributed normally with parameters estimated according to past data. It is then argued that the resulting series of probabilities represents the aforementioned degree of confidence. Statistical and historical evidence to support this proposition is presented.

Additional strengths of this analysis are discussed and the paper concludes by suggesting future critical research questions on risk.

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***Capital as Power IV***  
**Power: Material and Immaterial**

Theme of the panel:

This panel deals with the material and immaterial dimensions of power. The first paper claims that ‘confidence in obedience’ pertains not only to human beings but also material things; and that capitalists seek to control not only social processes but also physical ones. The second paper deals with immaterial forms of power, examining the oscillating regimes of accumulation imposed by leading Hollywood firms since the 1960s.

Chair:

**Jongchul Kim (Universidad Carlos III de Madrid)**  
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Papers:

- 1. DT Cochrane (York University)**  
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TITLE

‘Obedient Things: Materiality, Obedience & Accumulation’

ABSTRACT

The basic premise of materialism is that material conditions determine social conditions. However, the qualitative particularities of things — their materiality — has been dismissed from the standard theories of value, capital and accumulation, as ‘nominal’ quantities are explain in terms of ‘real’ quantities, bypassing qualities. Capital as power (CasP) rejects the nominal-real duality, emphasizing capitalization as the root of capitalist value. Capitalization translates capitalist power over parts of the qualitatively diverse social order — including things — into the quantities of capital. This means that there can be no *a priori* exclusion of things from political economic analysis. Nitzan and Bichler define power as ‘confidence in obedience’ (2009). I argue that such obedience is not limited to human actors; things too are capable of disobedience. My analysis will consider the Deepwater Horizon disaster and argue that *things* were among the irreducible causal entities in the differential decumulation of BP. The implication is that things must be considered in our accounts of accumulation. While CasP emphasizes the expressions of capitalization, it cannot be called an amaterialist theory of capital and accumulation. In fact, against the abstract general materialism of much political economy, it demands that we acknowledge the rich diversity of materiality.

## 2. James McMahon (York University)

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### TITLE

'The Golden Years of the Big Six: Capitalist Power and the Hollywood Film Business'

### ABSTRACT

Since 1960, there have been two periods in Hollywood cinema where major filmed entertainment—the top six firms in film distribution—has increased, and not just sustained, its dominance over the film business as a whole. This presentation will look at these two periods, 1965-1979 and 1990-1997, in order to draw conclusions about how major filmed entertainment differentially accumulates relative to dominant capitalist firms in other sectors. From 1965 to 1979 and from 1990 to 1997, movie ticket prices in the United States inflated faster than the consumer price index. These differential increases in price coincided with major filmed entertainment, in both instances, increasing its share of all film distribution in the United States. Beyond this important coincidence, the means by which major filmed entertainment increased its share of film distribution will be analyzed in greater detail. Historical differences between these two periods of differential accumulation will be highlighted with reference to changes in the art of cinema and the political economy of Hollywood. With respect to the latter, the concepts of breadth and depth, which are central to the capital-as-power approach, are useful. In the first period, from 1965 to 1979, major filmed entertainment differentially accumulated through *depth*. At a time when capitalist firms of different sectors were accumulating through stagflation (stagnation + inflation), major filmed entertainment also increased its share of ownership over a world of cinema that was actually shrinking in terms of annual movie releases. The second period, from 1990 to 1997, was one of *breadth*. With its employment growing faster than that of the average U.S. dominant firm, major filmed entertainment increased its share of each year's total number of films by increasing the rate of its output.

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### ***Capital as Power V*** **Systemic Crisis**

Theme of the panel:

The panel deals with two key aspects of the ongoing systemic crisis. The first paper, focusing on agriculture, examines the impact of the agrofuel boom on global food insecurity. The article anchors this process in a differential accumulation conflict between two corporate coalitions – the Agro Trader nexus and the Animal Processing nexus. The second paper deals with the apparent inability of governments to achieve 'economic recovery'. These attempts, the paper argues, have to remain half-hearted. Capitalists, it says, are driven not to maximize but to redistribute income, and redistribution *requires* strategic sabotage and unemployment.

Chair:

**DT Cochrane (York University)**

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Papers:

**1. Joseph Baines (York University)**

[josephbaines714@gmail.com](mailto:josephbaines714@gmail.com)

TITLE

'The Ethanol Boom and Distributional Coalitions in Agribusiness: Toward a New Perspective'

ABSTRACT

The agrofuel boom has brought about some of the most significant transformations in the world food system in recent decades. The boom has been particularly dramatic in the US ethanol sector, which now produces almost half of the total amount of agrofuels produced worldwide. The diversion of corn into US ethanol feedstocks has been linked to surging food prices over the last decade and the concomitant rise in global food insecurity. But in spite of all the attention that the ethanol boom has received from researchers, there appears to be one problem that unites all scholarly analysis of the phenomenon: little to no attention is given to intra-capitalist struggle. As a corrective to this general oversight, I trace the emergence of two corporate constellations that are vying over the course taken by the US ethanol sector. The first constellation – the Agro-Trader nexus – comprises agricultural input firms and major grain processors; and the second constellation – the Animal Processing nexus – is composed of the major meat companies. Drawing on methods and concepts of the capital as power framework, I show that soaring ethanol production has redistributed earnings away from the Animal Processing nexus to the Agro-Trader nexus, and it has also shifted income away from livestock farmers toward corn growers.

**2. Shimshon Bichler (Israel) and Jonathan Nitzan (York University)**

[tookie@barak.net.il](mailto:tookie@barak.net.il); [nitzan@yorku.ca](mailto:nitzan@yorku.ca)

TITLE

'Can Capitalists Afford "Recovery"?'

ABSTRACT

The systemic crisis since the 2000s, and particularly since 2008, has been accompanied by repeated government attempts to achieve and sustain a 'recovery'. According to the framework offered by Michal Kalecki in the 1930s and 1940s, these attempts are bound to fail. Liberal policy makers, Kalecki argued, are locked into an inherently contradictory policy. They are conditioned to prefer recoveries led by investment rather than mass consumption and to think that the best way to induce investment is to raise profit expectations. Unfortunately, when profits rise faster than wages, increasing inequality undermines consumption and eventually investment as well. The alternative to redistribution is an aggregate policy of budget deficits and/or a lax monetary stance; but this policy, too, says Kalecki, creates a contradiction: it boosts production and raises profit, but it also lowers unemployment and in so doing threatens the class superiority of capitalists. Kalecki's critique was truly revolutionary, and it remains highly insightful; but it is also flawed in one crucial respect. Contrary to the view of Kalecki and his followers, the ultimate goal of capitalists is not absolute but *differential* profits. Capitalists, we argue, are conditioned to seek not well-being through 'real profit'



but power through redistribution – and this shift in emphasis eliminates the ‘Kaleckian dilemma’. Focusing on the United States over the past century, the paper shows that increases in the power of capitalists, assessed by various measures of distribution, have been driven not by employment growth but by stagnation and unemployment. The last things capitalists need right now is a ‘recovery’ to undermine their record levels of power.

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***Capital as Power VII***  
**Roundtable: What’s Next?**

Theme of the panel:

This closing roundtable brings together all panel-series participants. The purpose is twofold: (1) to assess the key contributions made in the panels; and (2) to consider further projects, organizational initiatives and workshops/conferences.

Chair:

Jonathan Nitzan (York University)

Participants:

Joseph Baines (York University)  
Shimshon Bichler (Israel)  
DT Cochrane (York University)  
Shai Gorsky (University of Utah)  
Jongchul Kim (Universidad Carlos III de Madrid)  
James McMahon (York University)  
Mladen Ostojić (York University)  
Sean Starrs (York University)

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